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November 12, 2004

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW (7th fl.)
Washington, DC 20423-0001

RECORDATION NO. 25291 FILED

NOV 12 '04

11-29 AM

SURFACE TRANSPORTATION BOARD

Dear Secretary Williams:

Enclosed are an original and two counterparts of the document described below, to be recorded pursuant to 49 U.S.C. 11301.

This instrument is a security agreement, a primary document, dated January 21, 2000.

The names and addresses of the parties to the document are as follows:

Secured parties: Lynn T. Cecil, Trustee of the Cecil Family Revocable Trust
13771 Fountain Hills Boulevard
Fountain Hills, AZ 85268

Suzie Cecil, Trustee of the Cecil Family Revocable Trust
13771 Fountain Hills Boulevard
Fountain Hills, AZ 85268

Rick Cecil
5516 Roberts Drive
Plano, TX 75093

Lynette Cecil
5516 Roberts Drive
Plano, TX 75093

Debtor: Yreka Western Railroad Company
300 East Miner Street
Yreka, CA 96097

Hon. Vernon A. Williams
November 12, 2004
Page Two

The equipment covered by the document is a locomotive, Steam Locomotive No. 19, and one car, the "Santa Rosa" business coach.

A check for \$32 in payment of the filing fee is attached.

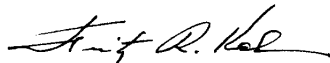
Please return the original and any extra copies not needed by the Board for recordation to the undersigned.

A short summary of the document to appear in the index follows:

Security Agreement by the secured parties, Lynn T. Cecil and Suzie Cecil, Trustees of The Cecil Family Revocable Trust of Fountain Hills, AZ, and Rick Cecil and Lynette Cecil of Plano, TX, and debtor, Yreka Western Railroad Company of Yreka, CA, dated January 20, 2000, and covering a locomotive, Steam Locomotive No. 19, and a car, the "Santa Rosa" business coach

If you have any question concerning the foregoing which you believe I may be able to answer or if I otherwise can be of assistance, please let me know.

Sincerely yours,



Fritz R. Kahn
Attorney for the secured parties

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SURFACE TRANSPORTATION BOARD

SECURITY AGREEMENT

THIS AGREEMENT made this 21st day of January, 2000, by YREKA WESTERN RAILROAD COMPANY, a California corporation, herein called the "Debtor," in favor of LYNN T. CECIL and SUZIE CECIL, Trustees of The Cecil Family Revocable Trust dated October 23, 1997, and RICK CECIL and LYNETTE CECIL, husband and wife, herein called the "Secured Party."

WITNESSETH THAT:

1. **Security Interest:** Debtor hereby grants to Secured Party a security interest pursuant to the California Uniform Commercial Code in and to that certain personal property referred to herein as the "collateral," and particularly described in Paragraph 2 hereinbelow.

2. **Collateral:** The personal property, the subject of the security interest herein granted, "collateral," shall consist of the steam locomotive no. 19 and the "Santa Rosa" business coach, and including all rights to, or proceeds of, insurance policies covering said collateral and also proceeds of said collateral in any form, it being understood that such inclusion herein of proceeds of said collateral does not imply, nor shall it be construed, as a power of sale by Debtor, or as a consent by the Secured Party to the sale of said collateral. PROVIDED, HOWEVER, the Secured Party agrees that if Debtor has made each of the monthly interest only payments as required by the Promissory Note secured hereby and if no default exists under said Promissory Note or hereunder, the Secured Party will, on receipt of the principal and interest payment due February 21, 2001, release its security interest in the steam locomotive no. 19 and, thereafter, the "Santa Rosa" business coach shall be the sole collateral hereunder.

3. **Obligation Secured:** The security interest herein granted does, and shall, secure the Debtor's guaranty of that certain promissory note in the face amount of \$150,000.00, dated concurrently herewith, executed by Rocky Mountain Railroad & Mining Museum in favor of the Secured Party, including any and all extensions and/or renewals of said note or any amounts owing thereon, the repayment of any and all sums and amounts that are necessarily advanced or expended by Secured Party or assigns for the maintenance or preservation of the collateral or any part thereof described in this Agreement; and the payment and performance of each and every of the obligations and promises of Debtor herein contained.

4. **Perfection of Security Interest:** Debtor agrees to execute and deliver to Secured Party concurrently with the execution of this Agreement such financing statement or statements as may be necessary and reasonably requested by Secured Party to perfect the security interest herein granted.

5. **Protection of Collateral:** Debtor agrees to do all acts which may be necessary to maintain, preserve, and protect said collateral and during the continuance hereof to keep said collateral in good condition and repair and if worn, damaged, or destroyed to, at least, replace the same by other property of equal value; not to permit waste thereof; to pay, at least ten days before delinquent, all taxes, charges, assessments, and liens now or hereafter levied or imposed upon the collateral.

6. **Insurance:** Debtor agrees to provide and maintain fire and other insurance policies covering said collateral in amounts and with companies satisfactory to Secured Party with loss payable to Secured Party to the extent of Secured Party's interest in the collateral.

7. **Warranty of Clear Title:** Debtor hereby declares and warrants to Secured Party that Debtor is the absolute owner and is in possession of all of the collateral, and that said collateral is free and clear of all security interests, liens, encumbrances, and adverse claims with the exception of the lien of this Agreement.

8. **Sale of Collateral:** Debtor agrees not to sell, encumber, or otherwise dispose of all or any portion of the collateral without the prior written consent of the Secured Party, and the proceeds of such sale shall be paid to the Secured Party to be applied to the debt hereby secured.

9. **Protection of Collateral by Secured Party:** In the event that Debtor fails to make any payment, or do any act as herein required, Secured Party may, but without obligation so to do, and without notice to or demand upon Debtor, make such advancements or expenditures or do such acts as Secured Party may deem necessary to protect its interest and security including, without limiting the foregoing, to take possession of all of said collateral, to pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of Secured Party appears to be prior or superior to the lien of this Agreement. Debtor agrees to pay immediately and without demand all sums expended by Secured Party pursuant to the provisions of this Agreement with interest from date of expenditure at the rate of ten percent (10%) per annum.

10. **Default:** In the event Debtor defaults in the payment of any indebtedness, obligation, or liability secured hereby, or defaults in the performance of any agreement herein contained or the guaranty secured hereby, then Secured Party, at Secured Party's option, without demand upon or notice to Debtor, may declare all indebtedness, obligations, and liabilities secured hereby to be immediately due and payable and Secured Party shall have the remedies of a secured party under the California Uniform Commercial Code, including, without limitation, the right to

require Debtor to assemble the collateral and make it available to Secured Party at a place designated by Secured Party, and to enter upon the premises where said collateral may be and take possession thereof and remove and/or sell and/or dispose of said collateral or any portion thereof at public or private sale upon legal notice to Debtor. Secured Party shall deduct and retain from the proceeds of any sale or sales all costs, expenses, and charges paid or incurred in the taking, removal, handling, and sale of said collateral or otherwise incurred in connection therewith, including reasonable attorney's fees incurred or paid by Secured Party. The balance of the proceeds shall be applied by Secured Party upon the indebtedness, obligations, and liabilities secured hereby and the surplus, if any, shall be paid to Debtor or persons lawfully entitled to the same pursuant to the laws of the State of California. At any sale or sales made under this Agreement or authorized hereunder, Secured Party, or any person on behalf of Secured Party, or any other person, may bid for and purchase any property being sold and in the event of such purchase, the purchaser shall hold such property thereafter discharged of all rights of redemption.

11. **Release of Security Interest:** Upon performance by Debtor of all conditions herein and discharge of all obligations secured hereby, Secured Party agrees to execute and deliver to Debtor such documents as are reasonably necessary to effect the release of Secured Party's security interest and clear title with reference thereto on the records of the State of California.

12. **Party:** The words "Debtor" and "Secured Party," as used herein, shall be construed to include the assignees or successors of such parties. This Agreement shall bind and inure to the benefit of such third persons.

13. **Notice:** Any notice required to be given, or appropriate, pursuant to this Agreement shall be given to the parties at their addresses as follows:

DEBTOR: Yreka Western Railroad Company
300 E. Miner Street
P.O. Box 660
Yreka, CA 96097


SECURED PARTY: Lynn T. Cecil and Suzie Cecil
13771 Fountain Hills Blvd., #332
Fountain Hills, AZ 85268

14. **Agreement Made in California:** This Agreement is made in the State of California and shall be construed in accordance with the laws thereof.

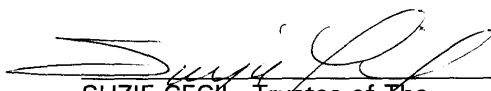
IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names the day and year first above written.

SECURED PARTY:

DEBTOR:


LYNN T. CECIL, Trustee of The
Cecil Family Revocable Trust

YREKA WESTERN RAILROAD COMPANY,
a California Corporation


SUZIE CECIL, Trustee of The
Cecil Family Revocable Trust

By 
DON MARSHALL,
President


RICK CECIL


LYNETTE CECIL

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ACKNOWLEDGMENT

I, LYNN T. CECIL, certify that I am the person described in and who executed the foregoing instrument as a Trustee of The Cecil Family Revocable Trust dated October 23, 1997 and that I acknowledge that I executed the same as my free act and deed. I further declare under penalty of perjury that the foregoing is true and correct.

EXECUTED on November 10th, 2004.


LYNN T. CECIL

STATE OF Arizona)
COUNTY OF Maricopa) SS

On this 10th day of November, 2004, before me, Rebecca M. Dalman
personally appeared LYNN T. CECIL to me known to be the person described in and who
executed the foregoing instrument and he acknowledged that he executed the same as his free act
and deed.

Rebecca M. Dalman
Notary Public - State of Arizona
Maricopa County
Commission #202841
My Commission Expires March 13, 2008

(Seal)


Notary

My commission expires 3-13-08

ACKNOWLEDGMENT

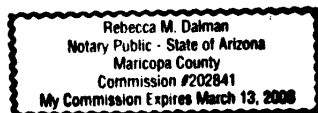
I, SUZIE CECIL, also known as Florene H. Cecil, certify that I am the person described in and who executed the foregoing instrument as a Trustee of The Cecil Family Revocable Trust dated October 23, 1997 and that I acknowledge that I executed the same as my free act and deed. I further declare under penalty of perjury that the foregoing is true and correct.

EXECUTED on November 10th, 2004.


SUZIE CECIL

STATE OF Arizona)
COUNTY OF Maricopa) SS

On this 10th day of November, 2004, before me, Rebecca M. Dalman personally appeared SUZIE CECIL, also known as Florene H. Cecil, to me known to be the person described in and who executed the foregoing instrument and she acknowledged that she executed the same as her free act and deed.



(Seal)


Notary

My commission expires 3-13-08

ACKNOWLEDGMENT

I, RICK CECIL, certify that I am the person described in and who executed the foregoing instrument and that I acknowledge that I executed the same as my free act and deed. I further declare under penalty of perjury that the foregoing is true and correct.

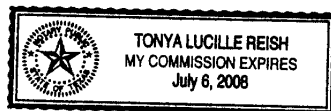
EXECUTED on November 10, 2004.

RICK CECIL
RICK CECIL

STATE OF Texas)
COUNTY OF Collin) SS

On this 10 day of November, 2004, before me, Tonya Lucille Reish, personally appeared **RICK CECIL** to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

(Seal)



Tonya Lucille Reish
Notary

My commission expires July 6, 2008

ACKNOWLEDGMENT

I, LYNETTE CECIL, certify that I am the person described in and who executed the foregoing instrument and that I acknowledge that I executed the same as my free act and deed. I further declare under penalty of perjury that the foregoing is true and correct.

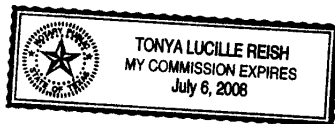
EXECUTED on November 11, 2004.

Lynette Cecil
LYNETTE CECIL

STATE OF Texas)
COUNTY OF Collin) SS

On this 10 day of November, 2004, before me, Tonya Lucille Reish, personally appeared LYNETTE CECIL to me known to be the person described in and who executed the foregoing instrument and she acknowledged that she executed the same as her free act and deed.

(Seal)



Tonya Lucille Reish
Notary

My commission expires July 6 2008